

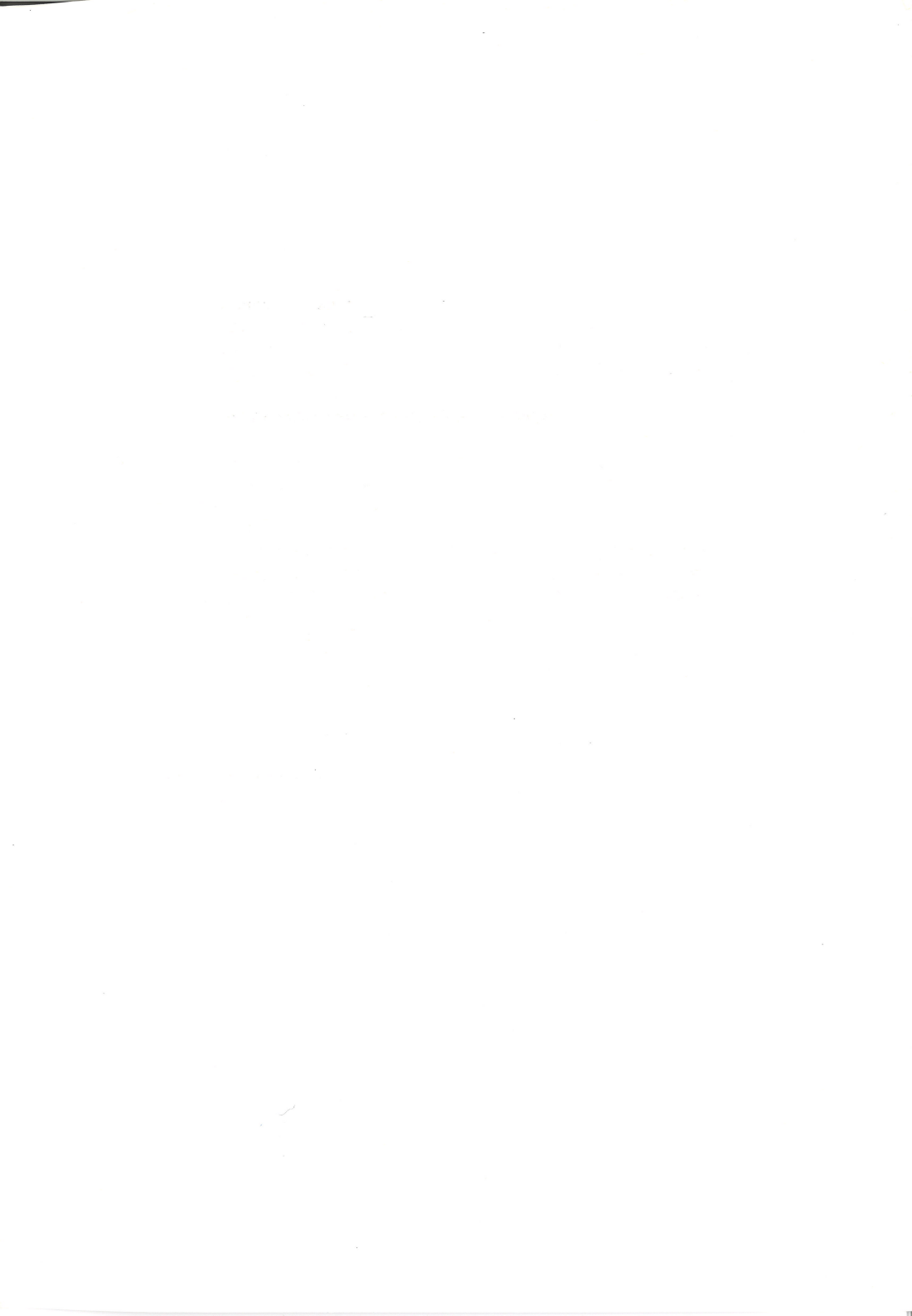
31st ANNUAL REPORT

1995



RTA STAFF CREDIT UNION LIMITED

REGISTERED OFFICE
Suite 2, 86 Mary Street
SURRY HILLS NSW 2010



1994/95

What a Good Year

.....

The good trading results of the RTA STAFF Credit Union during 1994/95 have surpassed all other years. All areas of the Credit Union's operations improved on previous years and are shown in more detail in this report.

Of course, none of this would have been possible without the support and patronage of our members -

WELL DONE MEMBERS - TAKE A BOW

This good trading result will be put to work in 1995/96 to provide members with improved benefits and services thereby reinforcing our mission statement to improve the financial well being of RTA employees, their families and friends.

- Know Your Credit Union -

MEMBERS

BOARD OF DIRECTORS

ALLAN COOK (Chairman)

RON SINCLAIR
GLEN MORGAN
WARWICK RANDELL

PHILIP GALLAGHER
SUZANNE SINCLAIR
PATRICK MURPHY

ADMINISTRATION

DON JONES (General Manager)
CATHY SIMS and JOANNE BADENOCH (Loans)
VIENA YEE and SANDRA DOWN (Memberships/Tellers)
LEANNE WILLIAMS (Administration)

AUDITORS

KMPG
THE KMPG CENTRE
45 CLARENCE STREET, SYDNEY

BANKERS

CREDIT UNION SERVICES CORPORATION
(AUSTRALIA) LTD
CENTRALISED BANKING SCHEME WITH
THE NATIONAL AUSTRALIA BANK LTD

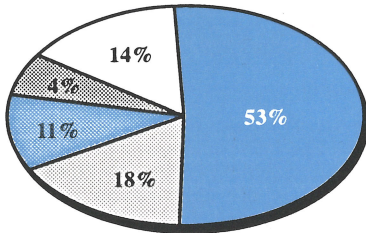
SOLICITORS

LANGE & CO
4TH FLOOR
416 GEORGE STREET,
SYDNEY

- Progress Over Five Years -

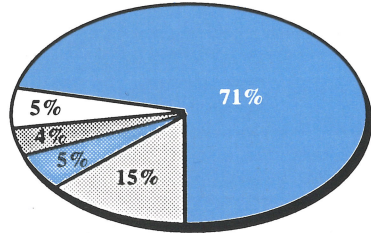
How your income was used

Interest paid to members 53%
 Surplus 18%
 Staff Costs 11%
 Loan Costs 4%
 Office Administration 14%

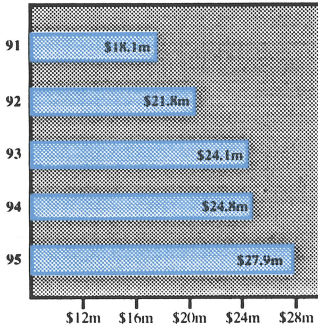


Purpose of Loans

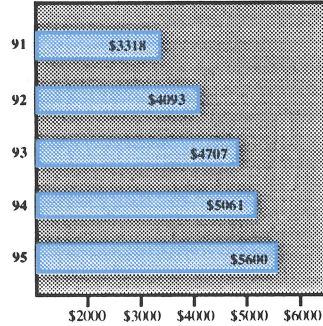
Property Purchases and Improvements 71%
 Motor Vehicle Purchases and costs 15%
 Household Goods 5%
 Consolidating Debts 4%
 Miscellaneous including Boats and Caravans 5%



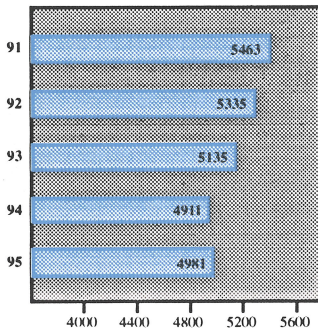
DEPOSITS



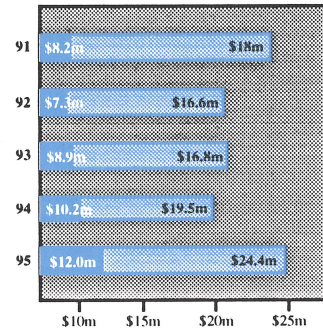
AVERAGE SAVINGS PER MEMBER



MEMBERSHIP



LOANS FUNDED AND BALANCES



- Operations Overview -

MEMBERSHIP

The Credit Union recorded a net increase of 70 members for the year. This increase reverses the trend of the previous 3 years and was achieved despite the continued downsizing of our host the Roads and Traffic Authority.

Total membership now stands at 4,981, variations during the year were:-

New Members	339
Resigned	(164)
Dormant Accounts	(105)

MEMBERS' DEPOSITS

Total savings and Fixed Term deposits at 30/6/95 was \$27,892,142 an increase of 12% over the previous year. A breakdown of total savings under the main headings were:-

	30/6/94 \$	INCREASE %	30/6/95 \$
SAVINGS AT CALL	7,867,606	(1.7)	7,732,392
REDIFUND CASH MANAGEMENT	2,429,259	(15.4)	2,054,704
TERM INVESTMENTS	14,609,587	23.9	18,105,046
	<u>24,906,452</u>	12.0	<u>27,892,142</u>

LOANS TO MEMBERS

Credit Union loans again proved popular with most members opting to secure their loans and take advantage of the lower interest rates. A dissection of outstanding loans is as follows:-

	30/6/94 \$	INCREASE %	30/6/95 \$
HOUSING LOANS	10,494,905	45.8	15,300,108
HOME EQUITY LOANS	1,052,815	161.1	2,748,489
NEW CAR LOANS	258,685	177.4	717,568
PERSONAL LOANS			
BILL OF SALE	3,949,198	(29.4)	2,786,502
UNSECURED	3,699,208	(22.6)	2,862,116
	<u>19,454,811</u>	25.5	<u>24,414,783</u>

() Decrease

BAD DEBTS

Bad debts written off during 1994/95 were \$82,198 a substantial improvement on the previous years figure of \$155,167. Amounts recovered from bad debts previously written off also improved in 1994/95 (\$39,112) compared with \$20,375 1993/94.

INCOME AND EXPENDITURE

Income from all sources totalled \$2,642,400 during the year, an increase of 9.5% over the 1993/94 amount of \$2,413,195. Interest income from member loans accounted for 80% of total income for 1994/95 (75% in 1993/94).

Amounts paid to members by way of interest on deposits increased by 12.5% to \$1,411,341 for the year. The cost of running the Credit Union was \$844,724 an increase of 6% over the previous year. Savings on bad debts written off were offset by increased costs under most headings and in particular increased rental, increased taxes and duties paid to the State Government and a full years cost of operating Redicards.

HOW WE COMPARE

The RTA STAFF Credit Union met all the requirements under the AFIC legislation and performed well when compared with the industry average of 22 New South Wales Credit Unions of a similar size. A brief comparison of the main statistics is as follows:-

(AFIC requirements are shown in brackets)

	RTA STAFF CREDIT UNION 30/6/95 %	NSW CREDIT UNIONS WITH ASSETS IN THE RANGE OF \$20-\$50M 30/6/95 %
CAPITAL ADEQUACY (8%)	17.1	16.4
LIQUIDITY RATIO (13%)	24.0	21.5
TOTAL LOANS/ASSETS (60%)	78.2	81.0
ASSET GROWTH	12.9	(2.3)
LOAN GROWTH	25.5	0.3
DEPOSIT GROWTH	12.0	(2.4)
DELINQUENT LOANS/TOTAL LOANS	2.4	2.1
TOTAL PROVISION/TOTAL LOANS	1.6	1.8
NET INTEREST INCOME/AVERAGE ASSETS	4.0	5.8
TOTAL EXPENSES/AVERAGE ASSETS	2.7	4.9
RETURN/AVERAGE ASSETS	1.9	1.1
STAFF/MEMBER RATIO	1:830	1:471
STAFF/ASSET RATIO	1:\$5.2M	1:\$2.1M

() Decrease

- Chairman's Review 1994/95 -

It gives me great pleasure on behalf of the Board of Directors to present to you our 31st Annual Report for the year ended 30th June 1995.

The operating results achieved during the past year have been outstanding and as the Credit Union completes its 30th Birthday celebrations and moves into its fourth decade of operations, the Board is extremely confident of its ability to continue to provide and enhance high quality financial services to all members.

During 1995 the Credit Union recorded a net increase in membership for the first time since 1991. This achievement in a period of continuing reductions in staff numbers is a tangible indicator that staff members and their families and friends are responding to the many and varied services which the Credit Union is able to provide.

In this regard the ongoing patronage and loyalty shown by all members has seen significant achievements in a number of areas. For example, during 1995 the Credit Union paid a record 12 million dollars in funding new loans to members. This significant increase in loans approved reflects clear confidence by members in the Credit Unions competitive loan interest rate structure.

Operating profit for the year has been recorded at just over \$386,000 an increase on last years result of \$361,000. This profit was further increased with the adjustment of a previous provision made for the development of member services. Following this adjustment and after bringing to account future tax benefits the net surplus for the year approximated \$574,000 which was an excellent result. This surplus adds further to our reserves and increases the strength of our balance sheet in providing a foundation for improved and increased member services in the future.

These excellent results are clearly indicated in our balance sheet which now discloses assets exceeding 31 million dollars. Having regard to our original goal to achieve assets of 30 million dollars in 30 years the net asset figure now disclosed is an excellent result and is a credit to all concerned.

A further indication of members confidence in the Credit Union is demonstrated in the level of deposits where again there has been an increase of some \$3 million dollars in member savings. Average savings per Credit Union member are now approximately \$5,600 compared with the State Credit Union average of approximately \$4,000 per member.

When these results are considered in aggregate it is quite clear that our Credit Union in 1995 is in an extremely strong position to build for the future.

However, the Board of Directors and management of the Credit Union are well aware of the need to continue to review and enhance on member services and during 1995/96 a number of new initiatives will be further developed.

For example, daily interest will be calculated on loans, from the 1st July 1995. This calculation will enable loan interest to be calculated daily and be charged at the end of each month. Allowing for no change in interest rates this will mean a saving to members on fortnightly repayments and even bigger savings to those

members who make additional or more frequent repayments. The result of course is more money in members pockets and greater flexibility because the better that members manage their loan repayments the bigger the savings which will accrue to them.

From the 1st July 1995 the Credit Union has made significant enhancements in its computer facilities with the upgrading of computer hardware and the joining with the Credit Union network of Independent Data Processing Centres (IDPC). The benefits of this move are primarily the ability to access modern technology without large up front capital costs. In addition the Credit Union will now belong to a network of IDPC's which will eventually allow members to access their account from Credit Unions throughout Australia. This move will also facilitate the use of redicards on line and will result in further operating efficiencies for the Credit Union overall.

However, while there have been many positive achievements during 1994/95 it must be noted that 1995/96 will see the Credit Union liable for the first time for taxation on income from loans to members. From the 1st July 1995 the Credit Union will be liable for a transitional rate of 20% on profits declared for a period of two years. Following this period of two years the Credit Union will be liable to tax at the standard company rate which is currently 36%.

Based on our current forward estimates the Credit Union may therefore be liable to an initial annual tax bill in 1995/96 of approximately \$80,000 and whilst this amount will have an obvious detrimental effect to our bottom line "profit", the Board of Directors are confident that with ongoing effective management the Credit Union can meet this impost and still operate successfully.

On behalf of the Board of Directors I would like to record our sincere appreciation for the services provided by retiring Chairman Mr Ron Sinclair who left the Authority's service during 1994/95. Ron in his role as Chairman and member of the Audit committee has been a most dedicated and devoted Director who has given willingly of his time over a period of eleven years. Ron has maintained his role as a Director and continues to provide the conscientious and capable service with which we are well acquainted.

The excellent performance of the Credit Union during 1994/95 and in fact in many previous years can be traced directly to the highly professional and competent services provided by the General Manager, Mr Don Jones and his extremely capable and conscientious staff members. Each of these staff is totally dedicated to the task in hand and provide a high quality of customer service to members throughout the Authority.

I commend this report to you the members on behalf of the Board and thank you for your attendance at today's meeting and also for your patronage, loyalty and support during 1994/95. We look forward to your continued support in 1995/96 and beyond.



Allan D Cook
Chairman

- *Director's Report* -

R.T.A. STAFF CREDIT UNION LIMITED

The Directors present their report together with the accounts of RTA Staff Credit Union Limited, for the year ended 30 June 1995 and the auditors' report thereon.

DIRECTORS

The Directors of the Credit Union in office at the date of this report are:

A D Cook (Chairman)
R S Sinclair
R G Morgan
W H Randell
P J Gallagher
S M Sinclair
P M Murphy

Each Director holds five ordinary \$2.00 shares in the Credit Union.

Directors' Meetings

The number of directors' meetings (including meetings of committees of directors) and number of meetings attended by each of the directors of the Credit Union during the financial year are:

Director	Directors' Meetings		Audit Committee Meetings	
	Held	Attended	Held*	Attended
A D Cook	15	12	3	3
R S Sinclair	15	13	3	3
R G Morgan	15	13		
W H Randell	15	14	3	2
P J Gallagher	15	9		
S M Sinclair	15	9		
P M Murphy	15	12	3	3

R S Sinclair retired as chairman of the Credit Union during the year. The directors wish to thank him for his service as Chairman of the directors.

AUDIT COMMITTEE

The role of the committee is to assist the Board of Directors in the discharge of their duties, in particular to assure the quality and reliability of financial information used by the Board and financial statements issued by the Board.

PRINCIPAL ACTIVITIES

The principal activities of the Credit Union over the period were the provision of retail financial services to Members in the form of taking deposits and giving financial accommodation as prescribed by the rules. No significant change in the nature of these activities occurred during the year.

OPERATING RESULT AND REVIEW OF OPERATIONS

The operating profit of the Credit Union for the financial year after provision for income tax was \$574,087 (1994: \$267,879).

The following significant events occurred during the year:-

1. Following a change in policy by the Roads and Traffic Authority, the Credit Union assumed full responsibility for the rental of the Office at Suite 2, 86 Mary Street, Surry Hills on and from 1 January 1995.
2. The Board approved, during the year, to outsource the Credit Union's computer operation on 1 July 1995. As a result, the provision set aside during previous years for the development of member services, including the computer upgrade, was no longer required. Accordingly, a major portion of the provision was reversed during the year.
3. From 1 July 1995 the Credit Union will become taxable as a consequence of changes to the Income Tax Legislation. A transitional rate of 20% will apply until 30 June 1997.
4. The Credit Union increased its loan portfolio by 25% during the year.

STATE OF AFFAIRS

In the opinion of the directors there were no significant changes in the state of affairs of the Credit Union that occurred during the financial year under review not otherwise disclosed in this report.

EVENTS SUBSEQUENT TO BALANCE DATE

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Credit Union, to affect significantly the operations of the Credit Union, the results of those operations, or the state of affairs of the Credit Union, in subsequent financial years.

LIKELY DEVELOPMENTS AND RESULTS

The Credit Union's objectives over the year will be to continue to improve services to members and achieve growth in all areas of the operation. In the opinion of the Directors, disclosure of any further information on likely developments in operations would be prejudicial to the interests of the Credit Union.

INFORMATION ON DIRECTORS

DIRECTOR'S NAME	POSITION	EXPERIENCE	RESPONSIBILITY
Allan D Cook	General Manager Financial Operations & Accounting	Director 3 Years	Chairman, (appointed 17 June 1995) Chairman Audit Committee
Ron S Sinclair	Works Manager	Director 10 Years	Audit Committee
R Glen Morgan	Route Development Leader	Director 7 Years	
Warwick H Randell	Branch Quality Co-ordinator	Director 3 Years	Audit Committee
Philip J Gallagher	General Manager Engineering Contracts	Director 2 Years	
Suzanne M Sinclair	Corporate Counsel: Legal Services	Director 2 Years	
Patrick M Murphy	Management Analyst	Director 2 Years	Audit Committee

INSURANCE OF OFFICERS

Since the end of the previous financial year the Credit Union has paid insurance of \$289 in respect of Directors' and Officers' Liability and Legal Expenses insurance contracts, for current and former officers, including executive officers of the Credit Union. The insurance premiums relate to:

- costs and expenses incurred by the relevant officers in defending proceedings, whether civil or criminal and whatever their outcome; and
- other liabilities that may arise from their position, with the exception of conduct involving a wilful breach of duty or improper use of information or position to gain a personal advantage.

The premiums were paid in respect of the following officers of the Credit Union:

- premiums were paid in respect of the following directors of the Credit Union: R S Sinclair, R G Morgan, W H Randell, A D Cook, P J Gallagher, P M Murphy and S M Sinclair; and
- premiums were paid in respect of the officers of the Credit Union.

The insurance policies outlined above do not contain details of the premiums paid in respect of the individual officers and directors of the Credit Union.

REGISTER OF DIRECTORS

In accordance with Section 258 of the Financial Institutions Code, the Credit Union keeps a register containing information about the directors, including details of each directors interest in any securities issued by the Credit Union and the register is open for inspection -

- (a) by any member of the society, without fee; and
- (b) by any other person, on payment of the amount (if any) prescribed by the Credit Union rules.

DIRECTORS' BENEFITS

Since the end of the previous financial year no Director has received or has become entitled to receive a benefit (other than that disclosed in the notes to the financial statements) by reason of a contract made by the Credit Union with a Director or with a firm of which he/she is a member, or with a Credit Union in which he/she has a substantial financial interest.

Signed in accordance with a resolution of the Board of Directors.

Dated at Sydney this 18th day of September 1995.

A D Cook
Chairman

P M Murphy
Director

- Independent Auditor's Report -

TO THE MEMBERS OF R.T.A. STAFF CREDIT UNION LIMITED

Scope

We have audited the financial statements of RTA Staff Credit Union Limited for the financial year ended 30 June 1995, consisting of the profit and loss account, balance sheet, statement of cash flows, accompanying notes, and the statement by directors set out on pages 13 to 32. The Credit Union's directors are responsible for the preparation and presentation of the financial statements and the information they contain. We have conducted an independent audit of the financial statements in order to express an opinion on them to the members of the Credit Union.

Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance as to whether the financial statements are free of material misstatement. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial statements, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion as to whether, in all material respects, the financial statements are presented fairly in accordance with Accounting Standards and other mandatory professional reporting requirements (Urgent Issues group Consensus Views) and statutory requirements so as to present a view which is consistent with our understanding of the financial position of the Credit Union and the results of its operations and cash flows.

The audit opinion expressed in this report has been formed on the above basis.

Audit Opinion

In our opinion, the financial statements of RTA Staff Credit Union Limited are properly drawn up:

- (a) so as to give a true and fair view of the state of affairs of the Credit Union at 30 June 1995, and the results and cash flows of the Credit Union for the financial year ended on that date;
- (b) in accordance with the provisions of the Financial Institutions Legislation; and
- (c) in accordance with applicable Accounting Standards and other mandatory professional reporting requirements.

Sydney,
19 September, 1995

KMPG
Chartered Accountants



C J Gardoll
Partner

- Director's Statement -

R.T.A. STAFF CREDIT UNION LIMITED

1. In the opinion of the Directors of RTA Staff Credit Union Limited:
 - (a) the financial statements as set out on pages 14 to 32, are drawn up so as to give a true and fair view of the results and cash flows of the financial year ended 30 June 1995, and the state of affairs of the Credit Union at 30 June, 1995;
 - (b) the financial statements have been made out in accordance with the provisions of the Financial Institutions Legislation; and
 - (c) at the date of this statement, there are reasonable grounds to believe that the Credit Union will be able to pay its debts as and when they fall due.
2. The financial statements of the Credit Union have been made out in accordance with applicable Accounting Standards.

Dated at Sydney this 18th day of September 1995.

Signed in accordance with a resolution of the Board of Directors:



A D Cook
Chairman



P M Murphy
Director

- Profit and Loss Account -

For the Year Ended 30 June 1995

R.T.A. STAFF CREDIT UNION LIMITED

	Note	1995 \$	1994 \$
Operating profit after abnormal items and income tax	2,3	470,835	267,879
Income tax attributable to operating profit	1(a),4	<u>103,252</u>	<u>-</u>
Operating profit after income tax		574,087	267,879
Retained profits at the beginning of the financial year		<u>1,629,598</u>	<u>1,361,719</u>
Retained profits at the end of the financial year		<u><u>2,203,685</u></u>	<u><u>1,629,598</u></u>

The profit and loss account is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 17 to 32.

- Balance Sheet -

As At 30 June 1995

R.T.A. STAFF CREDIT UNION LIMITED

	Note	1995 \$	1994 \$
CURRENT ASSETS			
Cash	5	124,412	147,596
Investments	6	3,437,000	5,390,000
Loans	7	3,461,276	3,670,641
Other	8	<u>323,855</u>	<u>183,709</u>
TOTAL CURRENT ASSETS		<u>7,346,543</u>	<u>9,391,946</u>
NON-CURRENT ASSETS			
Investments	6	3,397,739	2,920,407
Loans	7	20,563,507	15,404,170
Property, plant & equipment	9	<u>14,168</u>	<u>19,769</u>
TOTAL NON-CURRENT ASSETS		<u>23,975,414</u>	<u>18,344,346</u>
TOTAL ASSETS		<u>31,321,957</u>	<u>27,736,292</u>
CURRENT LIABILITIES			
Deposits	10	25,888,140	23,979,704
Creditors and borrowings	11	5,324	17,619
Provisions	12	111,131	179,765
Other	13	<u>323,121</u>	<u>216,304</u>
TOTAL CURRENT LIABILITIES		<u>26,327,716</u>	<u>24,393,392</u>
NON-CURRENT LIABILITIES			
Deposits	10	<u>2,004,002</u>	<u>926,748</u>
TOTAL NON-CURRENT LIABILITIES		<u>2,004,002</u>	<u>926,748</u>
TOTAL LIABILITIES		<u>28,331,718</u>	<u>25,320,140</u>
NET ASSETS		<u>2,990,239</u>	<u>2,416,152</u>
SHAREHOLDERS' EQUITY			
Reserves	14	786,554	786,554
Retained profits		<u>2,203,685</u>	<u>1,629,598</u>
TOTAL SHAREHOLDERS' EQUITY		<u>2,990,239</u>	<u>2,416,152</u>

The Balance Sheet is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 17 to 32.

- Statement of Cash Flows -

For the Year Ended 30 June 1995

R.T.A. STAFF CREDIT UNION LIMITED

	Note	1995 \$	1994 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Interest received		2,591,254	2,338,883
Other cash receipts in the course of operations		63,771	76,698
Interest paid		(1,326,639)	(1,310,363)
Other cash payments in the course of operations		<u>(800,657)</u>	<u>(737,183)</u>
Net cash provided by operating activities	21(ii)	<u>527,729</u>	<u>368,035</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Member loan repayments		9,704,316	10,324,912
Net proceeds from investments		2,026,149	1,759,470
Member loan advances		(14,664,288)	(12,948,135)
Purchase of plant and equipment		<u>(2,780)</u>	<u>(9,412)</u>
Net cash used in investing activities		<u>(2,936,603)</u>	<u>(873,165)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Net members' shares and deposits		<u>2,985,690</u>	<u>685,314</u>
Net cash provided by financing activities		<u>2,985,690</u>	<u>685,314</u>
Net increase in cash held		576,816	180,184
Cash at the beginning of the financial year	21(i)	<u>447,596</u>	<u>267,412</u>
Cash at the end of the financial year	21(i)	<u><u>1,024,412</u></u>	<u><u>447,596</u></u>

The statement of cash flows is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 17 to 32.

*Notes To and Forming Part of The Financial Statements
For the Year Ended 30 June 1995*

R.T.A. STAFF Credit Union Limited

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Credit Union have been drawn up in accordance with applicable Accounting Standards and the provision of the Financial Institutions Legislation. They have been prepared on the basis of historical costs and do not take into account changing money values nor, except where stated, current valuations of non-current assets.

The accounting policies have been consistently applied by the Credit Union and, except where there is a change in accounting policy, are consistent with those of the previous year.

(a) Income Tax

The Credit Union adopts the liability method of tax effect accounting. The Credit Union is taxed as a non-profit company under the principle of mutuality, whereby income derived from member sources is tax exempt. Taxable income includes income derived from non-member sources after deducting a proportion of allowable expenditure incurred in deriving that income. No income tax is payable in respect of the current year as allowable deductions exceed assessable (non-member) income. As at 1 July 1995 the Credit Union will be taxed as a profit making organisation. In recognition of this a deferred tax asset has been recognised.

Income tax expense is calculated on operating profit adjusted for permanent differences between taxable and accounting income. The tax effect of timing differences, which arise from items being brought to account in different periods for income tax and accounting purposes, is carried forward in the balance sheet as a future income tax benefit or a provision for deferred income tax.

Future income tax benefits are not brought to account unless realisation of the asset is assured beyond reasonable doubt. An asset representing the future income tax benefit of income tax losses is not brought to account as these losses are generally not able to be utilised against assessable income in future years.

(b) Property, Plant and Equipment

Plant and equipment is depreciated/amortised using the straight line method. Depreciation/amortisation rates applied are, as a minimum, equal to the rates outlined in the Financial Institutions Legislation.

(c) Provisions

Provision for Employee Leave Entitlements

Leave entitlements accruing to employees are accrued on the basis of statutory requirements and in accordance with Accounting Standard AASB 1028 - Accounting for Employee Entitlements.

Notes To and Forming Part of The Financial Statements

For The Year Ended 30 June 1995

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Provision for Doubtful Debts

The amount provided for doubtful debts is determined by management and the Board. The Financial Institutions Code and Statement of Prudential Standards requires a minimum provision to be based on specific percentages on the loan balance, contingent upon the length of time the repayments are in arrears. In addition, the Board makes a further provision against loans considered to be doubtful.

(d) Non-Current Investments

(i) *Primary/Central Bank Shares*

These amounts represent part of the capital entitlement of the Credit Union to shares in Credit Union Services Corporation (Australia) Limited ("CUSCAL"), a national Credit Union service provider.

(ii) *Subordinated Loan*

This loan has no fixed maturity date, only repayable upon dissolution of a depositing Credit Union or five years after the Credit Union ceases to operate its Central Banking account. The loan ranks subsequent to all creditors, but prior to shares in the event of liquidation or winding up of the Association. The rate of interest payable on such loans is determined by the Board of CUSCAL from time to time.

(iii) *Contingency Fund*

Being amounts held on deposit in accordance with the Financial Institutions Code. These funds are not readily converted into liquid funds, except under the conditions set out in the Act.

(e) Bad Debts Written off

Bad debts are written off from time to time as determined by management and the Board, when it is reasonable to expect that the recovery of the debt is unlikely.

(f) Loans to Members

Term Loans: Loan interest is calculated on the basis of charging interest from the date the loan is advanced to the end of the fortnightly period and thereafter on the loan balance each fortnight until the loan is finalised.

Loan interest is not brought to account when the Credit Union is advised that the member is deceased, or generally if a loan has been transferred to a debt collection agency, or as determined by the Board.

(g) Member Savings

Interest on savings is calculated on the daily balance and is brought to account on an accrual basis. The amount of accrual is shown separately under current liabilities.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Comparative Figures

Where necessary, comparative information has been reclassified to be consistent with the presentation adopted in the current year.

	1995	1994
	\$	\$
2. OPERATING PROFIT		
Operating profit has been arrived at after including:		
Operating Revenue		
Interest on loans to members - non-commercial	1,973,454	1,737,660
Interest on loans to members - commercial	<u>142,248</u>	<u>81,880</u>
	<u>2,115,702</u>	<u>1,819,540</u>
Interest on investments	465,768	545,376
Fees	-	8,287
Bad debts recovered	39,112	20,375
Commission	10,550	7,961
Other	<u>11,268</u>	<u>11,656</u>
	<u>2,642,400</u>	<u>2,413,195</u>
Operating Expenses		
Interest on members' deposits	1,411,341	1,254,454
Bad debts written off	82,198	155,167
Depreciation of property, plant & equipment	8,379	8,534
Provision for doubtful debts	10,000	10,000
Provision for employee leave entitlements	15,868	8,319
Auditors' remuneration	25,680	29,000
3. ABNORMAL ITEMS		
Amount provided/(written back) for development of member services	<u>(84,500)</u>	<u>93,020</u>

Notes To and Forming Part of The Financial Statements

For The Year Ended 30 June 1995

4. INCOME TAX

As a result of a recent change in income tax legislation, the Credit Union will become liable to pay income tax at a transitional rate of 20% effective from 1 July 1995, increasing to the full company tax rates on 1 July 1997. Up to and including the year ended 30 June 1995, income tax expense was calculated in accordance with Section 23G of the Income Tax Assessment Act 1936 (as amended).

(a) Income Tax Benefit	1995 \$	1994 \$
Prima facie income tax expense calculated at 33% (1994 - 33%) on the operating profit	155,376	88,400
Increase in income tax expense due to non-tax deductible items:		
Member interest expense	348,777	260,023
Member general expense	173,305	145,298
Expenses re: member loans	53,890	70,563
Other items	7,627	3,705
Provision for member services	-	30,697
Decrease in income tax expense due to non-tax assessable items:		
Provision for member services written back	(28,215)	-
Member interest	(698,182)	(600,448)
Bad debts recovered	(12,907)	(6,724)
Income tax losses not brought to account	329	8,486
Income tax expense on operating profit before abnormal income tax items	-	-
Abnormal tax items:		
Tax benefit due to the recognition of deferred tax assets not previously brought to account	103,252	-
	103,252	-
Total income tax benefit is made up of:		
Current income tax provision	-	-
Future income tax benefit	103,252	-
Income tax benefit on operating profit	103,252	-

	1995 \$	1994 \$
4. INCOME TAX (Continued)		
(b) Future Income Tax Benefit		
Future income tax benefit comprises the estimated future benefit at future income tax rates of the following items:		
Provisions and accrued employee entitlements not currently deductible	100,226	-
Difference in depreciation and amortisation of property, plant and equipment for accounting and tax purposes	<u>3,026</u>	<u>-</u>
	<u><u>103,252</u></u>	<u><u>-</u></u>

The potential future income tax benefit will only be obtained if:

- (i) the Credit Union derives future assessable income of a nature and an amount sufficient to enable the benefit to be realised in accordance with Section 80G of the Income Tax Assessment Act 1936;
- (ii) the Credit Union continues to comply with the conditions for deductibility imposed by the law; and
- (iii) no changes in tax legislation adversely affect the Credit Union in realising the benefit.

	1995 \$	1994 \$
5. CASH		
Cash on hand	30,200	55,200
Cash at bank - interest bearing	<u>94,212</u>	<u>92,396</u>
	<u><u>124,412</u></u>	<u><u>147,596</u></u>

Notes To and Forming Part of The Financial Statements
For The Year Ended 30 June 1995

	1995	1994
	\$	\$
6. INVESTMENTS		
(a) Current		
Investments at face value:		
Short term dealers deposit	1,000	-
OPL fixed term deposit - CUFSA	400,000	1,900,000
OPL 11 am call account - CUFSA	700,000	300,000
PLA fixed term deposit - CUFSA	800,000	2,000,000
PLA 11am call account - CUFSA	200,000	-
State Bank of NSW Bonds	436,000	230,000
NSW Treasury Corp. Bonds	-	500,000
Commonwealth Pipeline Authority Bonds	-	110,000
Northern Territory Government Bonds	100,000	-
QIDC Bonds	200,000	-
Western Australian Treasury Corp	300,000	-
Bank of Queensland Bonds	200,000	100,000
Deposits with:		
Metway Bank	100,000	-
National Australia Bank	-	250,000
Total current investments	3,437,000	5,390,000
(b) Non-Current		
Bonds and debentures at face value:		
Department of Main Roads	16,000	-
Commonwealth Government Bonds	200,000	200,000
State Bank of NSW Bonds	434,000	545,000
Queensland Treasury Corp.	100,000	100,000
Western Australia Treasury Corp.	-	300,000
Queensland Industry Development Corp.	200,000	400,000
Bank of Queensland Bonds	100,000	200,000
Premium/(discount) on purchase	34,948	84,467
Deposits with:		
PLA fixed term deposit - CUFSA	1,000,000	-
Primary Industry Bank of Australia	900,000	700,000

R.T.A. STAFF
CREDIT UNION LIMITED

	Note	1995 \$	1994 \$
6. INVESTMENTS (Continued)			
(b) Non-Current (cont')			
Primary shares - CUSCAL	1(d)(i)	14,559	13,525
Central Bank shares - CUSCAL	1(d)(i)	87,302	81,145
Central Bank subordinated loan - CUSCAL	1(d)(ii)	160,200	148,765
Central Bank reserve shares - CUSCAL	1(d)(i)	21,629	21,629
Contingency Fund	1(d)(iii)	119,101	125,876
Shares at face value:			
Co-Processing Pty Limited		10,000	-
Total non-current investments		<u>3,397,739</u>	<u>2,920,407</u>
(c) Maturity of Investments			
Up to three months		2,420,000	2,515,000
From three to twelve months		1,017,000	2,875,000
Later than one year but not later than five years		3,397,739	2,920,407
		<u>6,834,739</u>	<u>8,310,407</u>
7. LOANS TO MEMBERS			
(a) Loans as Current Assets			
Loans		3,636,639	3,838,335
Less: Provision for Doubtful Debts		(175,363)	(167,694)
		<u>3,461,276</u>	<u>3,670,641</u>
(b) Loans as Non-Current Assets			
Loans		20,778,144	15,616,476
Less: Provision for Doubtful Debts		(214,637)	(212,306)
		<u>20,563,507</u>	<u>15,404,170</u>
(c) Loans by Purpose			
Residential Loans		13,089,990	9,313,939
Personal Loans		9,114,675	8,959,906
Commercial Loans		2,210,118	1,180,966
Total Loans		<u>24,414,783</u>	<u>19,454,811</u>

Notes To and Forming Part of The Financial Statements
For The Year Ended 30 June 1995

	1995	1994
	\$	\$
7. LOANS TO MEMBERS (continued)		
(d) Loans by Security		
Secured by Mortgage	17,922,526	11,419,647
Secured Other	3,511,652	4,218,916
Unsecured	2,980,605	3,816,248
Total Loans	<u>24,414,783</u>	<u>19,454,811</u>
(e) Loans by Maturity		
Up to three months	1,041,548	1,013,539
From three to twelve months	2,595,091	2,824,796
Later than one year by not later than five years	8,693,737	8,748,330
Over five years	12,084,407	6,868,146
Total Loans	<u>24,414,783</u>	<u>19,454,811</u>
(f) Loans by Interest Type		
Non-Interest earning	179,948	272,071
Interest earning - past due 90 days	81,572	73,152
Interest earning - other	24,153,263	19,109,588
	<u>24,414,783</u>	<u>19,454,811</u>
Non-interest	179,948	272,071
Variable weighted Interest rate - 11.23% (1994 - 11.07%)	12,162,206	13,365,943
Fixed weighted Interest rate - 8.58% (1994 - 6.95%)	12,072,629	5,816,797
	<u>24,414,783</u>	<u>19,454,811</u>

R.T.A. STAFF
CREDIT UNION LIMITED

	1995	1994
	\$	\$
7. LOANS TO MEMBERS (Continued)		
(g) Provision for Doubtful Debts		
<i>Movement in the Provision:</i>		
Balance at the beginning of the year	380,000	370,000
Add: Transfers from profit and loss account	<u>10,000</u>	<u>10,000</u>
	<u>390,000</u>	<u>380,000</u>
Deduct: Bad debts written off	<u>-</u>	<u>-</u>
Balance at the end of the year	<u>390,000</u>	<u>380,000</u>
Provision required under the Prudential Standards	<u>185,044</u>	<u>252,507</u>
Bad debts written off other than through the provision	<u>82,198</u>	<u>155,167</u>
8. OTHER ASSETS		
Current		
Future income tax benefit (note 4(b))	103,252	-
Sundry debtors	24,232	28,165
Prepayments	9,857	8,765
Accrued interest on investments	<u>186,514</u>	<u>146,779</u>
	<u>323,855</u>	<u>183,709</u>
9. PROPERTY, PLANT AND EQUIPMENT		
Office furniture, fittings and equipment - at cost	28,100	25,898
Less: Provision for depreciation	<u>(16,738)</u>	<u>(13,807)</u>
	<u>11,362</u>	<u>12,091</u>
Computer hardware/software - at cost	152,960	152,960
Less: Provision for depreciation	<u>(150,154)</u>	<u>(145,282)</u>
	<u>2,806</u>	<u>7,678</u>
Total property, plant and equipment - at net book value	<u>14,168</u>	<u>19,769</u>

Notes To and Forming Part of The Financial Statements

For The Year Ended 30 June 1995

	1995 \$	1994 \$
10. MEMBERS' DEPOSITS		
(a) Current		
Savings accounts - at call *	7,732,392	7,867,606
Redifund - at call	2,054,704	2,429,259
Term deposit investments	16,101,044	13,682,839
	<u>25,888,140</u>	<u>23,979,704</u>
* Includes Issued and Paid-up Capital 24,905 (1994-24,555) shares of \$2 each, fully paid	<u>49,810</u>	<u>49,110</u>
(b) Non-Current		
Term deposit investments	<u>2,004,002</u>	<u>926,748</u>
(c) Members' deposits are repayable over the following terms:		
On call	9,787,096	10,296,865
Up to three months, but not including those on call	6,786,797	6,947,260
From three to twelve months	9,314,247	6,735,579
Greater than twelve months	2,004,002	926,748
	<u>27,892,142</u>	<u>24,906,452</u>
11. CREDITORS AND BORROWINGS		
Current		
Sundry creditors	<u>5,324</u>	<u>17,619</u>
12. PROVISIONS		
Current		
Employee leave entitlements	95,631	79,765
Provision for member services	<u>15,500</u>	<u>100,000</u>
	<u>111,131</u>	<u>179,765</u>

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CREDIT UNION LIMITED

	1995	1994
	\$	\$
13. OTHER LIABILITIES		
Current		
Accrued charges	88,444	66,329
Accrued interest on member deposits	<u>234,677</u>	<u>149,975</u>
	<u><u>323,121</u></u>	<u><u>216,304</u></u>
14. RESERVES		
Movement in Reserves		
<i>Statutory reserve</i>		
Balance at beginning of year	-	786,554
Less: Transfer to general reserve	<u>-</u>	<u>(786,544)</u>
Balance at end of year	<u><u>-</u></u>	<u><u>-</u></u>
<i>General reserve</i>		
Balance at beginning of year	786,544	-
Add: Transfer from statutory reserve	<u>-</u>	<u>786,544</u>
Balance at end of year	<u><u>786,554</u></u>	<u><u>786,544</u></u>

The statutory reserve previously maintained under the provisions of the Credit Union Act (1969) was transferred to the general reserve as the Act was repealed in 1992.

15. EMERGENCY LIQUIDITY FACILITY DEED

A deed is in place between RTA Staff Credit Union Limited and Credit Union Financial Services (Australia) Limited ("CUFSAL") whereby CUFSAL has access of up to 10% of RTA Staff Credit Union Limited's total assets in accordance with the Financial Institutions Code 1992.

Notes To and Forming Part of The Financial Statements
 For The Year Ended 30 June 1995

16. SEGMENT REPORTING AND CONCENTRATION OF RISK

The entity operates as a Credit Union in Australia.

There are no individual loans which represent 10% or more of the shareholders' equity of the Credit Union. There are no individual deposits which represent 10% or more of total liabilities.

The substantial majority of deposits and loans of the Credit Union are with employees and former employees of the New South Wales Roads and Traffic Authority and their families in accordance with the Rules of the Credit Union. The Board of Directors may, at its discretion, admit to membership a limited number of individuals who are not specified above.

The majority of members are residents of New South Wales.

17. RELATED PARTY TRANSACTIONS

(a) Directors

The names of each person who held the position of Director of the Credit Union during the financial year are R S Sinclair, R G Morgan, W H Randell, A D Cook, P J Gallagher, P M Murphy and S M Sinclair.

(b) Directors' Remuneration	1995	1994
	\$	\$
Aggregate remuneration of directors	NIL	NIL
The number of directors who received remuneration within the following bands were:	<u> </u>	<u> </u>
\$Nil - \$10,000	7	9

There were no payments made to superannuation funds for the benefit of directors and interest earned on deposit is on the same terms and conditions as other members. All loans disbursed to directors were on the same terms and conditions which applied to members generally for each class of loan.

(c) Loans to Directors

(i) The aggregate loans (including interest) to all directors, their spouse and director-related entities amounted to:

	1995	1994
	\$	\$
Mortgage loans	353,097	231,970
Personal loans	<u> </u>	<u>17,180</u>
	<u>353,097</u>	<u>249,150</u>

(ii) During the year loans disbursed to directors, their spouse and director-related entities amounted to:

	1995	1994
	\$	\$
Mortgage loans	139,500	223,344
Personal loans	<u>-</u>	<u>-</u>
	<u>139,500</u>	<u>223,344</u>

The recipients of these loans were W H Randell, A D Cook and S M Sinclair. All loans disbursed were approved on the same terms and conditions which applied to members generally for each class of loan.

(iii) Repayments against loans to directors, their spouse and director-related entities amounted to:

	1995	1994
	\$	\$
Mortgage loans	46,495	110,947
Personal loans	<u>16,870</u>	<u>5,220</u>
	<u>63,365</u>	<u>116,167</u>

Directors concerned with the repayments were W H Randell, A D Cook and S M Sinclair.

(d) **Executive Officer**

(i) The number of Executive Officers who have income in excess of \$100,000

1995	1994
\$	\$
NIL	NIL

Income means remuneration by way of salary, allowances, bonuses or other benefits payable to the executive, but does not include out of pocket expenses to reimbursements incurred in connection with Credit Union business.

(ii) Payments in respect of retirement of executive officers amounted to \$Nil (1994 - \$Nil)

(e) **Terms and Conditions**

All loans made to directors, their spouse and director related entities have been made on the normal terms and conditions applicable to all credit union members.

Notes To and Forming Part of The Financial Statements
 For The Year Ended 30 June 1995

18. STANDBY BORROWING FACILITIES

The Credit Union has a gross borrowing facility with CUSCAL of:-

	1995	1994
	\$	\$
Overdraft facility (Gross)	250,000	250,000
Current borrowing	<u>-</u>	<u>-</u>
Net available	<u>250,000</u>	<u>250,000</u>

There are no restrictions as to the withdrawal of these funds. CUSCAL holds an equitable charge over the assets of the Credit Union as security against amounts drawn.

19. COMMITMENTS AND CONTINGENT LIABILITIES

Loans approved by the Board but not advanced as at 30 June, 1995 total \$2,034,382 (1994 - \$2,126,737).

The payment of these loans is at the discretion of the Board and subject to available liquid funds.

	1995	1994
	\$	\$
<i>Operating Lease Commitment</i>		
Future operating lease rental of premises not provided for in the financial statements and payable: not later than one year	<u>33,500</u>	<u>-</u>

Superannuation

The Credit Union contributes to the CUE Supplementary Super Plan for the purpose of Superannuation Guarantee payments and payment of other superannuation benefits on behalf of employees. The plan is separately administered by trustees which are appointed as follows:

- 50% elected by the members of the Plan;
- 50% appointed by the principal employer, Credit Union Services Corporation (Australia) Limited.

The Credit Union has no interest in the superannuation plan, other than as a contributor, and is not liable for the performance of the plan nor the obligations of the plan.

The CUE Supplementary Super Plan is a contribution accumulation type plan.

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CREDIT UNION LIMITED

20. ECONOMIC DEPENDENCY

The Credit Union has an economic dependency on the following suppliers of services.

(a) **Credit Union Services Corporation (Australia) Limited**

This entity provides the Credit Union with services in the form of settlement with Bankers for ATM transactions, and the production of Redicards for use by members.

This entity also supplies central banking services to the Credit Union and is an approved Special Services Provider under the Financial Institutions Code for the provision of financial intermediation services. The Credit Union has invested its PLA and operating liquid assets with the entity to maximise return on funds, and to comply with the Emergency Liquidity Support requirements under the AFIC Prudential Standards.

(b) **Financial Computing Services of Australia Pty Limited (FCS)**

This company is a partially owned subsidiary of CUSCAL which provides and maintains the application software utilised by the Credit Union.

(c) **Co-Processing Pty Limited**

The Credit Union has purchased \$10,000 worth of shares in the abovenamed company, which is to provide an Integrated Data Processing Centre to be used by its shareholders. Shareholders include other credit unions and CUSCAL.

(d) **Service Contracts**

All service Contracts are capable of being cancelled within twelve (12) months. There are no other service contracts which are considered material.

(e) **Roads and Traffic Authority (NSW)**

The trading activities of the Credit Union are dependent upon the membership which is largely restricted to employees of the above host authority and their families.

Notes To and Forming Part of The Financial Statements
For The Year Ended 30 June 1995

21. NOTES TO THE STATEMENT OF CASH FLOWS

(i) Reconciliation of Cash

For the purposes of the Statements of Cash Flows, cash includes cash on hand and at bank and short term deposits at call with other financial institutions, net of outstanding bank overdrafts. Cash as at the end of the financial year as shown in the Statement of Cash Flows is reconciled to the related items in the balance sheets as follows:

	Note	1995 \$	1994 \$
Cash on hand	5	30,200	55,200
Cash at bank	5	94,212	92,396
Liquid assets - at call		<u>900,000</u>	<u>300,000</u>
		<u>1,024,412</u>	<u>447,596</u>

(ii) Reconciliation of Operating Profit After Tax to Net Cash Provided by Operating Activities

	1995 \$	1994 \$
Operating profit after income tax	574,087	267,879
Add/(less) non-cash items:		
Amounts set aside to provisions	25,868	18,319
Depreciation	8,379	8,534
Amount provided/(written back) for member services	<u>(84,500)</u>	<u>93,020</u>
Net cash provided by operating activities before change in assets and liabilities	523,834	387,752
Change in assets and liabilities during the financial year:		
Increase in prepayments	(1,092)	(878)
Decrease in sundry debtors	3,933	29,297
Increase in accrued interest on investments	(39,735)	(48,333)
Decrease in deferred interest	49,519	22,300
Increase in accrued charges	22,115	23,224
Increase/(decrease) in accrued interest on members' deposits	84,702	(55,909)
(Decrease)/increase in sundry creditors	(12,295)	10,582
Increase in future income tax benefit	<u>(103,252)</u>	<u>-</u>
Net cash provided by operating activities	<u>527,729</u>	<u>368,035</u>

Notice of - Annual General Meeting -

The 31st Annual General Meeting of the RTA Staff Credit Union Limited will be held in Board Room No. 1 on the 1st floor of the Waratah Central Hotel, 22-44 Albion Street, Surry Hills (opposite RTA Head Office, Centennial Plaza) on Friday 24th November 1995 commencing 1.00pm.

The formal notice of the business of the meeting was contained in the September, 1995 issue of 'Member News'.

- Registered Office -

RTA STAFF Credit Union Limited
Suite 2, 86 Mary Street, Surry Hills NSW 2010
PO Box K198, Haymarket NSW 2000
Telephone: (02) 218 6854 Facsimile: (02) 218 6605

THE CREDIT UNION MISSION

The RTA Staff Credit Union was established for the sole purpose of improving the financial wellbeing of RTA employees, their families and friends.

OUR SERVICES

SAVINGS & INVESTMENT ACCOUNTS

BASIC SAVER ACCOUNT:

A day to day savings account for over the counter transactions. Also ideal for bill paying.

REDI-ACCESS ACCOUNT:

A multi-purpose account with emphasis on easy access by cheque book or card.

SPECIAL PURPOSE ACCOUNTS:

- Christmas Club Account
- Autopay Account: Takes the worry out of keeping up with your regular payments.

REDIFUND CASH MANAGEMENT ACCOUNT:

An account which pays an attractive interest rate based on daily balances for short term investors.

TERM DEPOSITS:

A range of term deposits from 3 months to 3 years offering competitive interest rates. Interest is set for the term of the deposit and can be paid on maturity or at regular intervals.

ACCESS -

Access to members' accounts is now even better than ever.

- Automated Teller Machines - Credit Union Rediteller, National Australia Bank Flexiteller, ANZ Night & Day, Cashcard Teller, State Bank Greenmachine, St George Multicard.
- Point of Sale (EFTPOS) outlets located in supermarkets, service stations and stores across Australia.
- Persona Cheque Book - interest earning, with no limit to the number of transactions. Members can arrange to cash cheques or make deposits at any National Australia Bank branch.

LOANS -

Members can choose from a range of loans to suit their individual needs.

- Personal loans for any worthwhile purpose.
- Home loans for owner occupiers with a choice of interest rate options - fixed or variable.
- Investment loans.
- Home Equity loans for any worthwhile purpose.

There is no penalty for early payout, interest is calculated daily and posted monthly and members can make repayments by easy payroll deduction.

WHOLE OF PAY & PAYROLL DEDUCTIONS - *Wherever members work, they can arrange for all or part of their pay to be deposited direct to the Credit Union. Deposits can be split into any number of different savings and/or loan accounts.*